

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT DIVISION OF CREDIT UNIONS NEWSLETTER

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CONDITION REPORT MISSOURI CREDIT UNIONS

From time to time we compare the condition of Missouri credit unions by reviewing CAMEL ratings assigned during the examination. Comparisons are useful to determine if trends are developing.

CAMEL CODE	August 1, 2002		August 1, 2003	
Code 1	1	0.6%	7	4.3%
Code 2	110	65.9%	105	64.8%
Code 3	52	31.1%	46	28.4%
Code 4	4	2.4%	4	2.5%
Code 5	0	-	0	-
TOTAL	167*		162**	

****In 2003, two credit unions merged:**

[Farmland Industries into CommunityAmerica CU, and](#)
[Pacesetter into United Consumers CU](#)

***In 2002, eleven credit unions merged; one credit union underwent voluntary liquidation:**

[Mergers](#)

[Community into River Region CU,](#)
[Liberty into Midwest United CU,](#)
[I.B.E.W. into West Community CU,](#)
[BMA into Central Communications CU,](#)
[General American Life Insurance Company Federal CU into](#)
[Educational Employees CU,](#)
[ORCO Federal CU into Health Care Family CU,](#)
[Heartland Federal CU into Postal & Community CU,](#)
[SMW Local #36 CU into Meridian CU,](#)
[WECOE CU \(Kansas\) into CommunityAmerica CU,](#)
[BeedeeCo CU into Mazuma CU](#)

[Voluntary liquidation](#)

[Boone Electric Employees CU](#)

CREDIT UNION COMMISSION MEETS

The Credit Union Commission met in Jefferson City on August 20, 2003. Commission members in attendance were Pat Yokley, Bill Humpfer, Cathy Stroud, Pat Macdonald, Lori Levine and John Hanneke. Others attending were, Mike Wambolt, and Kenneth Garrett, Attorney General's Office; Becky Kilpatrick, Regulatory Counsel, Arlan Holmes, Chief Financial Officer and Denise Szala, Budget Officer, Department of Economic

Development, Rosie Holub, Mike Winters and Peggy Nalls, Missouri Credit Union Association;; Zurett Merridith and John P. Smith, Division of Credit Unions.

The Commission reviewed the status of appeals of the Director, Division of Credit Unions (the Director) decisions approving field of membership expansion, litigation in process, and the status of the engagement of a hearing officer.

The Commission received an update from the Director on the amendment to 4 CSR 100-2.080 Fiscal and Financial Services. The proposed amendment was published in the July 15, 2003 Missouri Register for a thirty day comment period. Two comments in support of the amendment were received. The final rule will be effective November 30, 2003.

The Director presented the condition report of Missouri credit unions as of August 1, 2003 (report is in this Newsletter).

Senate Bill 346 removes from Missouri statutes the overdraft fee limitation that financial institutions can charge on returned checks. Additionally the legislation provides authority for the Director to promulgate a rule stating that fees or service charges can be no more restrictive than those permitted federally chartered depository institutions. The Director at this time does not plan to promulgate rules. The legislation is effective August 28, 2003.

The Director informed the Commission that with the assistance of the Missouri Credit Union Association, the 1992 Standard Bylaws for Credit Unions were being updated to remove sections that were no longer operable, update, and clarify language. The 2003 Standard Bylaws for Credit Unions will be available to credit unions during the Director's meetings in December 2003.

Peggy Nalls presented an update on federal and state legislative and regulatory issues.

The next regular Commission meeting will be held November 19, 2003 at 10:30 AM in Jefferson City, Missouri. December 9, 2003 was established as an additional date for the Commission to meet if necessary to hear appeals.

FIELD OF MEMBERSHIP UPDATE

Springfield Telephone Employees Credit Union (now **Telcomm Credit Union**) submitted an application to include those persons who reside or work in the 417 telephone Area Code and the 573 (bordered on the north by I-70) telephone Area Code. The Director approved the expansion of **Springfield Telephone Employees Credit Union** to those in the 417 Area Code, but not the 573 Area Code. The decision was published in the November 15, 2000 Missouri Register. On November 30, 2000 the Missouri Bankers Association (MBA) and Century Bank of the Ozarks (CBO) filed an appeal of the decision to the Credit Union Commission. The Commission heard the appeal on March 29, 2001. On May 24, 2001 the Commission upheld the decision of the Director. On August 16, 2001, the decision was released and the Director filed **Springfield Telephone Employees Credit Union's** amended bylaws with the Secretary of State. On September 14, 2001, the MBA and CBO filed a petition for administrative review in Cole County Circuit Court.

On November 19, 2001, a hearing was held before Judge Tom Brown, Division 1, Circuit Court of Cole County. The motion to refer the case to another division of the court was granted and the case was referred to Judge Byron Kinder, Division 2. A motion to dismiss the case for lack of standing was heard on January 3, 2002. On January 29, 2002 the court ruled the plaintiffs lack standing to maintain causes of action set forth in their petition and ordered the plaintiffs' petition be dismissed. On March 11, 2002 the MBA and CBO filed an appeal of the decision in the Western Appellate Court of Appeals. Appellant's briefs were due June 3, 2002 with the respondent's briefs due July 3, 2002. A hearing by the Western Appellate Court was held on October 3, 2003 in Kansas City. On January 14, 2003, the Appellate Court upheld the decision of Cole County Circuit Court. On January 14, 2003, the MBA and CBO filed motions for a rehearing and transfer to the Missouri Supreme Court. The Appellate Court on March 4, 2003 denied the motions. On April 23, 2003, the Missouri Supreme Court issued an order transferring the case to their jurisdiction. Oral arguments are scheduled for September 10, 2003. Briefs filed with the Supreme Court can be located at <http://www.osca.state.mo.us/sup/index.nsf?OpenDatabase>.

South Community Credit Union submitted an application for those who work or reside in Zip Codes 63109, 63111, 63116, 63123, 63125, 63128, 63129, and Crawford County, Franklin County, Gasconade County and Washington County. **Central Communications Credit Union** submitted an application for those persons who reside or work in the 816 telephone Area Code. The Director approved the applications submitted by **South Community and Central Communications Credit Unions**. These decisions were published in the November

15, 2000 Missouri Register. On November 30, 2000 the MBA and two local banks located in each of the two applicants' field of membership expansion areas filed appeals of the decisions to the Credit Union Commission. The Commission received the record of appeals from all parties on May 24, 2001. On August 9, 2001, the Commission upheld the decisions of the Director. The written decisions were released on January 25, 2002. On February 21, 2002, the MBA and the local banks filed a petition for administrative review in Cole County Circuit Court. Both cases were assigned to Judge Tom Brown, Division 1. On April 17 the cases were reassigned to Judge Byron L. Kinder, Division 2 and a motion was entered to stay the proceedings until the outcome of the Springfield Telephone Employees case was decided. The cases can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; the case numbers are 02CV323402 and 02CV323401.

Vantage Credit Union (formerly **Educational Employees Credit Union**) submitted an application for those who live or work in St. Louis County, St. Charles County, Jefferson County, Cape Girardeau County and Franklin County. The application was published in the December 15, 2000 Missouri Register. The Director approved the application and his decision was published in the February 15, 2001 Missouri Register. On March 1, 2001 the MBA and two banks located in the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission received the record of appeal of **Educational Employees Credit Union** on October 19, 2001 and established briefing schedules. On March 5, 2002, the Commission dismissed the appeal due to lack of standing. On July 18, 2002 the MBA and the two banks filed a Petition in Mandamus in Cole County Circuit Court. An order by Cole County District Court staying the case was entered on December 2, 2002. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 02CV324797.

City Utilities Credit Union submitted an application for community residents and workers in Greene and Christian Counties. The application was published in the June 1, 2001 Missouri Register. The Director approved the application and his decision was published in the August 1, 2001 Missouri Register. On August 14, 2001 the MBA and a local bank located within the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On August 8, 2002 the Commission heard and denied the appeal for lack of standing. The decision was released on December 9, 2002. On January 2, 2003, MBA and the local bank filed a Petition in Mandamus in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 03CV323001.

First Community Credit Union submitted an application for individuals who reside or work in the counties of Lincoln, Warren, Franklin, Washington, St. Francois, Ste. Genevieve, Pike, Montgomery, Gasconade and Crawford in the state of Missouri and the City of St. Louis. The application was published in the August 1, 2002 Missouri Register. The Director approved the application and his decision was published in the September 16, 2002 Missouri Register. On September 26, 2002 the MBA and a local bank located within the field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission at their October 31, 2002 meeting established the briefing schedule for the appeal. The Commission considered the appeal at their January 15, 2003 meeting heard but took no action. The next step is for the Commission to act on the appeal.

Alliance Credit Union submitted an application for those who work or reside in St. Charles County or St. Louis County. The application was published in the November 15, 2002 Missouri Register. The Director approved the application and his decision will be published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Allegiant Bank filed an appeal of the Director's decision with the Credit Union Commission. The next step is for the Commission to act on the appeal.

St. Louis Postal Credit Union submitted an application for those who live or work in the Zip Codes 63005, 63017, 63042, 63043, 63044, 63126, 63127 and St. Charles County. The application was published in the December 2, 2002 Missouri Register. The director approved the application and his decision will be published in the January 16, 2003 Missouri Register. A fifteen calendar period for appeal must occur before the decision is final. On January 30, 2003, the MBA and Midwest Bank Centre filed an appeal of the Director's decision with the Credit Union Commission. The next step is for the Commission to act on the appeal.

United Community Credit Union, an Illinois chartered credit union, submitted an application for those who live or work in the Missouri counties of Lewis, Ralls and Marion. The application was published in the January 2, 2003 Missouri Register. The director approved the application and his decision was published in the February 18, 2003 Missouri Register. On March 4, 2003 the MBA and the Farmers and Merchants Bank and Trust Company filed an appeal of the Director's decision with the Credit Union Commission. The next step is for the Commission to act on the appeal.

Aerospace Community Credit Union submitted an application for those who live or work in the remainder of St. Louis City, St. Louis County and St. Charles County that is not currently in the **Aerospace Community**

Credit Union's field of members and those who live or work in Lincoln County. The application was published in the May 1, 2003 Missouri Register. The director approved the application and his decision was published in the July 1, 2003 Missouri Register. On July 14, 2003 the MBA and the First National Bank of St. Louis filed an appeal of the Director's decision with the Credit Union Commission. The next step is for the Commission to act on the appeal.

Anheuser Busch Employees' Credit Union submitted an application for those who live or work, or legal entities in Zip Codes 63103, 63110, 63116, 63118, as well as legal entities in Zip Code 63104 all low-income areas. The application was published in the June 16, 2003 Missouri Register. The director approved the application and his decision was published in the August 1, 2003 Missouri Register. The decision is now final.

Southeast Telephone Employees Credit Union submitted an application for persons who live or are employed in the Missouri Counties of St. Francois County, Ste. Genevieve County, and Madison County. The application was published in the August 1, 2003 Missouri Register. On August 14, 2003 the MBA and the New Era Bank filed an appeal of the Director's decision with the Credit Union Commission. The next step is for the Commission to act on the appeal.

Raytown-Lee's Summit Community Credit Union submitted an application for those who live in Zip Codes 64055, 64122, 64138, 64052, 64129, 64034, 64082, 64081, 64063, 64064 and 64086. The application will be published in the September 2, 2003 Missouri Register. A ten business day period must occur before a decision can be made

From the Director...

A REMINDER

All credit unions now submit quarterly call reports that contain quite a bit of financial data. This data is transformed into valuable information by the National Credit Union Administration (NCUA) that is available to your credit union. Of particular worth is the Financial Performance Reports especially the ratios report. This report gives trend information and compares a peer average unique to the individual credit union.

Management and officials should spend some time each quarter reviewing these reports for the perspective they provide. They are available at www.ncua.gov and click on credit union data.

Review of this information is essential to good governance and can provide many benefits to the credit union members.

A handwritten signature in dark ink, reading "John P. Smith". The signature is written in a cursive style with a vertical line at the end.

John P. Smith, Director